



The Game changer of South Coast development

KZN216
RAY NKONYENI LOCAL
MUNICIPALITY

**FINAL BUDGET AND MTREF
2018/19**

PREPARED BY: BUDGET AND TREASURY OFFICE

Table of Contents

PART 1 – BUDGET

1. Mayor's Budget Speech
2. Resolutions
3. Executive Summary
4. Consolidated Overview
5. Operating Revenue Framework
6. Operating Expenditure Framework
7. Capital Expenditure

PART 2 –ANNUAL BUDGET TABLES

8. Annual Budget Tables
9. Municipal Managers Quality certificate

PART 3 – SUPPORTING DOCUMENTATION

ANNEXURES

Annexure 1 Tariff of Charges
Annexure 2 Budget Related Policies

1. Mayor's Budget Speech

Refer to attached Mayor's Speech

2. Resolution

Refer to attached Council Resolution

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Assessment Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Position.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which the Annual Financial Statements are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In RAY NKONYENI LOCAL Municipality this means at directorate level.

3. Executive Summary

The application of sound financial management principles for the compilation of the RAY NKONYENI LOCAL Municipality's Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

The RAY NKONYENI LOCAL Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 89 and 91 were used to guide the compilation of the 2018/19 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries.

3.1 MFMA Circulars

National Treasury sent out MFMA Circular No. 89 and 91 providing guidance to municipalities on their 2018/19 budgets and Medium Term Revenue and Expenditure Framework (MTREF). It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

3.1.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic.

However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

3.1.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2018/19 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2018/19 Budget:

- The 2018/19 Adjustments Budget priorities and targets for Ray Nkonyeni municipality, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the 2018/19 budget;
- Audited AFS for 2016/17 for Ray Nkonyeni municipality were also used as a guide for the compilation of the 2018/19 Budget.

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2018 Division of Revenue Bill issued on February 2018 details the allocations that the municipality need to be reflected in the budget
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)
- Macro economics forecast has been taken into account when preparing the salaries budget, the current CPI plus 1.7 percent for 2018/19 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework.

4. Table 1 Consolidated Overview

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	316,117	358,959	357,445	357,445	-	404,757	426,614	450,078
Service charges	-	-	147,571	166,659	167,731	167,731	-	187,052	196,094	206,880
Investment revenue	-	-	5,251	3,400	3,400	3,400	-	4,500	4,743	5,004
Transfers recognised - operational	-	-	195,660	217,740	224,556	224,556	-	232,938	246,058	272,476
Other own revenue	-	-	121,646	83,259	87,329	87,329	-	158,254	166,799	175,973
Total Revenue (excluding capital transfers and contributions)	-	-	786,246	830,018	840,461	840,461	-	987,501	1,040,309	1,110,410
Employee costs	-	-	324,070	384,258	400,381	400,381	-	366,621	386,419	407,672
Remuneration of councillors	-	-	22,044	26,255	28,895	28,895	-	30,943	32,614	34,408
Depreciation & asset impairment	-	-	61,710	70,658	70,658	70,658	-	63,800	67,245	70,944
Finance charges	-	-	3,130	4,286	4,286	4,286	-	3,400	3,584	3,781
Materials and bulk purchases	-	-	109,036	124,208	95,050	95,050	-	91,899	96,861	102,189
Transfers and grants	-	-	4,604	9,945	4,834	4,834	-	5,903	5,579	5,767
Other expenditure	-	-	377,796	309,038	458,328	458,328	-	382,797	402,723	424,114
Total Expenditure	-	-	902,390	928,646	1,062,433	1,062,433	-	945,363	995,025	1,048,874
Surplus/(Deficit)	-	-	(116,144)	(98,629)	(221,972)	(221,972)	-	42,137	45,284	61,537
Transfers and subsidies - capital (monetary alloc	-	-	96,720	197,057	197,057	197,057	-	182,163	134,311	151,021
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	(19,425)	98,428	(24,915)	(24,915)	-	224,300	179,595	212,558
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	(19,425)	98,428	(24,915)	(24,915)	-	224,300	179,595	212,558

Capital expenditure & funds sources										
Capital expenditure	-	-	-	231,643	221,054	221,054	-	223,131	143,894	165,712
Transfers recognised - capital	-	-	-	197,057	197,057	197,057	-	182,163	134,311	151,021
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	34,586	44,747	44,747	-	40,968	9,582	14,691
Total sources of capital funds	-	-	-	231,643	241,804	241,804	-	223,131	143,894	165,712
Financial position										
Total current assets	-	-	339,698	370,887	370,887	370,887	-	560,056	580,328	602,091
Total non current assets	-	-	1,481,309	1,573,691	1,573,691	1,573,691	-	1,640,472	1,715,670	1,807,696
Total current liabilities	-	-	235,208	169,507	169,507	169,507	-	359,439	373,897	386,127
Total non current liabilities	-	-	124,232	117,513	117,513	117,513	-	140,195	132,546	128,838
Community wealth/Equity	-	-	1,461,567	1,657,558	1,657,558	1,657,558	-	1,700,893	1,789,555	1,894,823
Cash flows										
Net cash from (used) operating	-	-	193,614	197,926	208,747	208,747	-	196,953	151,792	182,466
Net cash from (used) investing	-	-	(103,176)	(230,839)	(241,000)	(241,000)	-	(223,131)	(143,894)	(165,712)
Net cash from (used) financing	-	-	(6,778)	(7,128)	7,728	7,728	-	12,704	12,704	12,704
Cash/cash equivalents at the year end	-	-	93,557	51,679	69,032	69,032	-	80,083	100,685	130,143
Cash backing/surplus reconciliation										
Cash and investments available	-	-	93,557	51,679	51,679	51,679	-	57,801	57,801	57,801
Application of cash and investments	-	-	341	(156,671)	(193,956)	(193,956)	-	(78,194)	(81,203)	(80,560)
Balance - surplus (shortfall)	-	-	93,216	208,350	245,635	245,635	-	135,995	139,004	138,362
Asset management										
Asset register summary (WDV)	-	-	236,142	235,788	235,788	235,788	-	235,788	235,788	235,788
Depreciation	-	-	65,807	70,658	70,658	70,658	-	62,000	65,384	68,942
Renewal of Existing Assets	-	-	-	9,865	-	-	-	795	-	-
Repairs and Maintenance	-	-	33,443	43,959	43,959	43,959	-	39,985	42,144	44,461
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	87,064	87,064	87,064	61,845	61,845	65,184	68,770
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	2	2	2	2
Refuse:	-	-	-	-	-	-	23	23	23	23

Total operating revenue is R 988 million and increase by R 58 million over the 2017/18 MTREF.

Total operating expenditure excluding capital expenditure for the 2018/19 budget will be R 958 million and overall budgeted performance is showing a surplus of R 29 million. The budget performance also include non-cash item for depreciation and asset impairment to the value of R 63.8 million.

Capital expenditure for the year as per the budget amounts to R 223 million. This budget is funded through transfer's recognized capital and internal funds.

5. Operating Revenue Framework

For RAY NKONYENI LOCAL Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description R thousands	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	-	-	316,117	358,959	357,445	357,445	-	404,757	426,614	450,078
Service charges	-	-	147,571	166,659	167,731	167,731	-	187,052	196,094	206,880
Investment revenue	-	-	5,251	3,400	3,400	3,400	-	4,500	4,743	5,004
Transfers recognised - operational	-	-	195,660	217,740	224,556	224,556	-	232,938	246,058	272,476
Other own revenue	-	-	121,646	83,259	87,329	87,329	-	158,254	166,799	175,973
Total Revenue (excluding capital transfers and contributions)	-	-	786,246	830,018	840,461	840,461	-	987,501	1,040,309	1,110,410

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and transfers and grants comprise more than two thirds of the total revenue mix.

In the 2018/19 financial year, revenue from rates, services charges, other revenue and transfers and grants totaled R 988 million. Property rate revenue increased by 13.2 percent from R 357.4 million to R 404 million, this growth can be mainly attributed to the implementation of the new valuation roll, and service charges, investment and other revenue also increased as a results of municipal management adopting financial viability recovery and improvement plan.

Property rates are the first largest revenue source totaling R404.8 million rand in 2018/19. The second and third largest sources are revenue from transfers and grants operational followed by service charges which are R233 million and R187million respectively.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Figure 1 Sources of revenue

Table 3 Operating Transfers and Grant Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	170,781	201,038	200,172	204,738	212,985	225,151	250,192
Local Government Equitable Share				145,299	175,566	175,566	175,566	185,324	201,851	220,992
Finance Management				3,562	3,600	3,600	3,600	3,600	2,500	2,000
Integrated National Electrification Programme				10,681	14,000	14,000	14,000	14,000	12,800	19,200
EPWP Incentive				2,660	3,306	3,306	3,306	4,061	-	-
Municipal Demarcation Transition Grant				8,579	4,566	3,700	8,266	-	-	-
Energy Efficiency and Demand Management								6,000	8,000	8,000
Provincial Government:		-	-	9,140	16,702	16,702	16,702	19,953	20,907	22,284
Accreditation Grant				-	5,082	5,082	5,082	4,337	4,570	5,082
Museum Grant				334	350	350	350	368	386	407
Provincialisation of Libraries Grant				7,436	9,670	9,670	9,670	10,894	11,439	12,011
Community Library Service Grant				1,045	-	-	-	1,338	1,434	1,536
MIG - Operational				325	1,600	1,600	1,600	3,016	3,078	3,248
District Municipality:		-	-	-	-	-	-	-	-	-
Disaster Management Grant								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Margate Airport Grant										
Total Operating Transfers and Grants	5	-	-	179,921	217,740	216,874	221,440	232,938	246,058	272,476
Capital Transfers and Grants										
National Government:		-	-	76,618	62,615	62,615	62,615	57,301	58,473	61,716
Municipal Infrastructure Grant (MIG)				76,618	62,615	62,615	62,615	57,301	58,473	61,716
Rural Transport Services and Infrastructure Town Planning Grant										
Provincial Government:		-	-	-	-	-	-	121,862	72,688	85,982
Human Settlement								121,862	72,688	85,982
District Municipality:		-	-	-	-	-	-	-	-	-
Disaster Management Grant										
Other grant providers:		-	-	-	-	-	-	3,000	3,150	3,323
Margate Airport Grant								3,000	3,150	3,323
Total Capital Transfers and Grants	5	-	-	76,618	62,615	62,615	62,615	182,163	134,311	151,021
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	256,539	280,355	279,489	284,055	415,101	380,369	423,497

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

5.1. Property Rates

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively ,will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R320 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2018/19 financial year is 5 per cent and the table below reflect individual municipality tariff for rates since the new valuation and new tariffs will be implemented in 2018/19 budget year.

Table 4 Proposed rates increase for the 2018/19 financial year

KZN216 Ray Nkonyeni - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates (rate in the Rand)	1								
Residential properties					0.0254	0.0103	0.0108	0.0114	0.0120
Residential properties - vacant land					0.0109	0.0205	0.0216	0.0227	0.0240
Formal/informal settlements					-	-	-	-	-
Small holdings					0.0205	0.0205	0.0215	0.0227	0.0240
Farm properties - used					0.0031	0.0026	0.0027	0.0029	0.0031
Farm properties - not used					0.0023	-	-	-	-
Industrial properties					0.0304	0.0175	0.0183	0.0193	0.0204
Business and commercial properties					0.0304	0.0175	0.0183	0.0193	0.0204
Communal land - residential					0.0005	0.0010	0.0011	0.0011	0.0012
Communal land - small holdings					-	-	-	-	-
Communal land - farm property					0.0010	0.0026	0.0027	0.0029	0.0031
Communal land - business and commercial					-	-	-	-	-
Communal land - other					0.0005	0.0051	0.0054	0.0056	0.0059
State-owned properties					0.0050	0.0175	0.0183	0.0193	0.0204
Municipal properties					-	-	-	-	-
Public service infrastructure					0.0038	0.0026	0.0027	0.0029	0.0031
Privately owned towns serviced by the State trust land					0.0205	-	-	-	-
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fix ed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)									
Water usage - life line tariff		(describe structure)							
Water usage - Block 1 (c/kl)		(fill in thresholds)							
Water usage - Block 2 (c/kl)		(fill in thresholds)							
Water usage - Block 3 (c/kl)		(fill in thresholds)							
Water usage - Block 4 (c/kl)		(fill in thresholds)							
Other	2								
Waste water tariffs									
Domestic									
Basic charge/fix ed fee (Rands/month)									
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/kl)									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								

<u>Electricity tariffs</u>									
Domestic									
Basic charge/ fixed fee (Rands/month)	Basic service charge on					214	231		
Service point - vacant land (Rands/month)									
FBE	An energy charge								
Life-line tariff - meter	KWH PER UNIT - 0 - 50					1	1		
Life-line tariff - prepaid	KWH PER UNIT - 51 - 350					1	1		
Flat rate tariff - meter (c/kwh)	KWH PER UNIT - 351 -					2	2		
Flat rate tariff - prepaid(c/kwh)	KWH PER UNIT - >600					2	2		
Meter - IBT Block 1 (c/kwh)	Applicable to consumers								
Meter - IBT Block 2 (c/kwh)	A service charge per amp					13	13		
Meter - IBT Block 3 (c/kwh)	plus								
Meter - IBT Block 4 (c/kwh)	An energy charge					1	1		
Meter - IBT Block 5 (c/kwh)	Energy charge per kW:								
Prepaid - IBT Block 1 (c/kwh)	High (June to August)								
Prepaid - IBT Block 2 (c/kwh)	Peak					2	2		
Prepaid - IBT Block 3 (c/kwh)	Standard					1	1		
Prepaid - IBT Block 4 (c/kwh)	Off peak					0	1		
Prepaid - IBT Block 5 (c/kwh)	Low (September to May)								
Other	Peak	2				1	1		
<u>Waste management tariffs</u>									
Domestic									
Street cleaning charge									
Basic charge/ fixed fee									
80l bin - once a week									
250l bin - once a week									

5.2. Sale of Electricity and Impact of Tariff Increases

The consumer tariff had to be increased by 6.8 per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

5.3. Waste Removal and Impact of Tariff Increases

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Currently solid waste removal is operating at a surplus.

5.4. Other Tariff of Charges

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 5.2 per cent and tariff of charges is attached as annexure.

6. Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Table 5 Summary of operating expenditure by standard classification item

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Expenditure By Type											
Employee related costs	2	-	-	324,070	384,258	400,381	400,381	-	366,621	386,419	407,672
Remuneration of councillors				22,044	26,255	28,895	28,895		30,943	32,614	34,408
Debt impairment	3			126,158	3,200	83,154	83,154		83,712	88,232	93,085
Depreciation & asset impairment	2	-	-	61,710	70,658	70,658	70,658	-	63,800	67,245	70,944
Finance charges				3,130	4,286	4,286	4,286		3,400	3,584	3,781
Bulk purchases	2	-	-	75,594	80,712	89,512	89,512	-	86,620	91,298	96,319
Other materials	8			33,442	43,496	5,538	5,538		5,279	5,564	5,870
Contracted services		-	-	32,290	50,412	139,337	139,337	-	157,367	165,119	173,442
Transfers and subsidies		-	-	4,604	9,945	4,834	4,834	-	5,903	5,579	5,767
Other expenditure	4, 5	-	-	219,349	255,425	235,838	235,838	-	141,719	149,372	157,587
Loss on disposal of PPE											
Total Expenditure		-	-	902,390	928,646	1,062,433	1,062,433	-	945,363	995,025	1,048,874

Table 6 Employee related costs details and councillors

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages				22,044	24,040	26,681	26,681	28,046	29,561	31,187
Pension and UIF Contributions					-	-	-			
Medical Aid Contributions					-	-	-			
Motor Vehicle Allowance					-	-	-			
Cellphone Allowance					1,637	1,637	1,637	2,897	3,053	3,221
Housing Allowances					-	-	-			
Other benefits and allowances					578	578	578			
Sub Total - Councillors		-	-	22,044	26,255	28,895	28,895	30,943	32,614	34,408
% increase	4		-	-	19.1%	10.1%	-	7.1%	5.4%	5.5%
Senior Managers of the Municipality										
Basic Salaries and Wages				7,218	10,017	10,017	10,017	9,775	10,303	10,869
Pension and UIF Contributions				26	16	16	16			
Medical Aid Contributions					-	-	-			
Overtime					-	-	-			
Performance Bonus				873	-	-	-			
Motor Vehicle Allowance					-	-	-			
Cellphone Allowance	3			245	114	114	114	84	89	93
Housing Allowances	3				-	-	-			
Other benefits and allowances	3			186	245	245	245	398	420	443
Payments in lieu of leave					-	-	-			
Long service awards					-	-	-			
Post-retirement benefit obligations	6				-	-	-			
Sub Total - Senior Managers of Municipality		-	-	8,549	10,392	10,392	10,392	10,257	10,811	11,406
% increase	4		-	-	21.6%	-	-	(1.3%)	5.4%	5.5%
Other Municipal Staff										
Basic Salaries and Wages				186,569	242,238	258,361	258,361	235,575	248,296	261,952
Pension and UIF Contributions				12,695	56,233	56,233	56,233	43,771	46,134	48,672
Medical Aid Contributions				54,479	19,250	19,250	19,250	19,027	20,054	21,157
Overtime				16,300	5,000	5,000	5,000	16,246	17,123	18,065
Performance Bonus				23,450	19,430	19,430	19,430	18,176	19,157	20,211
Motor Vehicle Allowance	3			13,892	13,497	13,497	13,497	12,039	12,690	13,387
Cellphone Allowance	3			100	795	795	795	592	624	658
Housing Allowances	3			3,159	2,132	2,132	2,132	2,095	2,208	2,329
Other benefits and allowances	3				6,529	6,529	6,529	8,705	9,175	9,680
Payments in lieu of leave					2,874	2,874	2,874	-	-	-
Long service awards				993	887	887	887	-	-	-
Post-retirement benefit obligations	6			3,985	5,000	5,000	5,000	120	126	133
Sub Total - Other Municipal Staff		-	-	315,621	373,866	389,989	389,989	356,346	375,589	396,246
% increase	4		-	-	18.5%	4.3%	-	(8.6%)	5.4%	5.5%
Total Parent Municipality		-	-	346,214	410,512	429,276	429,276	397,546	419,014	442,059
				-	18.6%	4.6%	-	(7.4%)	5.4%	5.5%

The budgeted allocation for employee related costs, senior management and councilors for the 2018/19 financial year totals R 397.5 million, which equals 34 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2018/19 financial year and also it must be noted that there are other line items which are excluded in employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 7 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 62 million for the 2018/19 financial and equates to 5.3 per cent of the total operating expenditure and depreciation decreased by 9.7 percent as compare to adjustment budget; because 2018/19 was based on the actual depreciation, asset disposals and additions. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (Cost of capital). Finance charges make up 0.35 per cent (R3.4 million) of operating expenditure budget excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 7.32 per cent as per NERSA Guidelines.

Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes.

R40 million repairs and maintenance budgeted.

Contracted services equal to 14.3 per cent of the expenditure budget and has been budgeted at R140 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

- Internship and tertiary registration assistance R 1.6 million
- Ward committee allowance –2.2 million
- Back to School Campaign –R300 thousand
- Caucus Fees R300 thousand
- Women Caucus R250 thousand
- Youth Empowerment-R2.5 million
- Children's rights R190 thousand
- Senior Citizen R540 thousand
- People living with disability R250 thousand

- EPWP-R4 million
- Training and workshops R2.8 million
- Councilor's training R263 thousand
- Security monitoring charges R13.5 million
- Refuse site disposal charges R6 million
- Refuse bags R6 million

6.1. Priority given to repairs and maintenance

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance especially roads. To this end, repairs and maintenance was R40 million and it decreased by 6.9 per cent. The municipality has an infrastructure maintenance plan to ensure that assets are in good condition.

6.2 Free Basic Services: Basic Social Service Package

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

7. Capital Expenditure Framework

Table 7 Capital expenditure by funding source

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Funded by:											
National Government					62,615	62,615	62,615		57,301	58,473	61,716
Provincial Government					134,442	134,442	134,442		124,862	75,838	89,305
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	197,057	197,057	197,057	-	182,163	134,311	151,021
Public contributions & donations	5					-	-				
Borrowing	6					-	-				
Internally generated funds					34,586	44,747	44,747		40,968	9,582	14,691
Total Capital Funding	7	-	-	-	231,643	241,804	241,804	-	223,131	143,894	165,712

The main source of funding of the 2018/19 Capital budget of R 223 million is transfers recognized capital from National and provincial departments, followed by internally generated funds from reserves of R40 million. Capital projects are group per cluster, municipal wide and departmental. RAY NKONYENI LOCAL has 7 clusters.

PART 2 MAIN BUDGET TABLES

8. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

Table 8 MBRR Table A1 - Budget Summary

KZN216 Ray Nkonyeni - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	316,117	358,959	357,445	357,445	-	404,757	426,614	450,078
Service charges	-	-	147,571	166,659	167,731	167,731	-	187,052	196,094	206,880
Investment revenue	-	-	5,251	3,400	3,400	3,400	-	4,500	4,743	5,004
Transfers recognised - operational	-	-	195,660	217,740	224,556	224,556	-	232,938	246,058	272,476
Other own revenue	-	-	121,646	83,259	87,329	87,329	-	158,254	166,799	175,973
Total Revenue (excluding capital transfers and contributions)	-	-	786,246	830,018	840,461	840,461	-	987,501	1,040,309	1,110,410
Employee costs	-	-	324,070	384,258	400,381	400,381	-	366,621	386,419	407,672
Remuneration of councillors	-	-	22,044	26,255	28,895	28,895	-	30,943	32,614	34,408
Depreciation & asset impairment	-	-	61,710	70,658	70,658	70,658	-	63,800	67,245	70,944
Finance charges	-	-	3,130	4,286	4,286	4,286	-	3,400	3,584	3,781
Materials and bulk purchases	-	-	109,036	124,208	95,050	95,050	-	91,899	96,861	102,189
Transfers and grants	-	-	4,604	9,945	4,834	4,834	-	5,903	5,579	5,767
Other expenditure	-	-	377,796	309,038	458,328	458,328	-	382,797	402,723	424,114
Total Expenditure	-	-	902,390	928,646	1,062,433	1,062,433	-	945,363	995,025	1,048,874
Surplus/(Deficit)	-	-	(116,144)	(98,629)	(221,972)	(221,972)	-	42,137	45,284	61,537
Transfers and subsidies - capital (monetary allocation)	-	-	96,720	197,057	197,057	197,057	-	182,163	134,311	151,021
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	(19,425)	98,428	(24,915)	(24,915)	-	224,300	179,595	212,558
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	(19,425)	98,428	(24,915)	(24,915)	-	224,300	179,595	212,558
Capital expenditure & funds sources										
Capital expenditure	-	-	-	231,643	221,054	221,054	-	223,131	143,894	165,712
Transfers recognised - capital	-	-	-	197,057	197,057	197,057	-	182,163	134,311	151,021
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	34,586	44,747	44,747	-	40,968	9,582	14,691
Total sources of capital funds	-	-	-	231,643	241,804	241,804	-	223,131	143,894	165,712
Financial position										
Total current assets	-	-	339,698	370,887	370,887	370,887	-	560,056	580,328	602,091
Total non current assets	-	-	1,481,309	1,573,691	1,573,691	1,573,691	-	1,640,472	1,715,670	1,807,696
Total current liabilities	-	-	235,208	169,507	169,507	169,507	-	359,439	373,897	386,127
Total non current liabilities	-	-	124,232	117,513	117,513	117,513	-	140,195	132,546	128,838
Community wealth/Equity	-	-	1,461,567	1,657,558	1,657,558	1,657,558	-	1,700,893	1,789,555	1,894,823
Cash flows										
Net cash from (used) operating	-	-	193,614	197,926	208,747	208,747	-	196,953	151,792	182,466
Net cash from (used) investing	-	-	(103,176)	(230,839)	(241,000)	(241,000)	-	(223,131)	(143,894)	(165,712)
Net cash from (used) financing	-	-	(6,778)	(7,128)	7,728	7,728	-	12,704	12,704	12,704
Cash/cash equivalents at the year end	-	-	93,557	51,679	69,032	69,032	-	80,083	100,685	130,143
Cash backing/surplus reconciliation										
Cash and investments available	-	-	93,557	51,679	51,679	51,679	-	57,801	57,801	57,801
Application of cash and investments	-	-	341	(156,671)	(193,956)	(193,956)	-	(78,194)	(81,203)	(80,560)
Balance - surplus (shortfall)	-	-	93,216	208,350	245,635	245,635	-	135,995	139,004	138,362
Asset management										
Asset register summary (WDV)	-	-	236,142	235,788	235,788	235,788	-	235,788	235,788	235,788
Depreciation	-	-	65,807	70,658	70,658	70,658	-	62,000	65,384	68,942
Renewal of Existing Assets	-	-	-	9,865	-	-	-	795	-	-
Repairs and Maintenance	-	-	33,443	43,959	43,959	43,959	-	39,985	42,144	44,461
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	87,064	87,064	87,064	61,845	61,845	65,184	68,770
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	2	2	2	2
Refuse:	-	-	-	-	-	-	23	23	23	23

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 9 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Ray Nkonyeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	560,247	663,059	663,059	632,583	660,418	709,710
Executive and council		-	-	-	175,566	178,498	178,498	185,324	201,851	220,992
Finance and administration		-	-	-	384,681	484,561	484,561	447,259	458,567	488,718
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	145,464	27,111	27,111	134,368	85,824	99,783
Community and social services		-	-	-	10,523	10,777	10,777	12,453	13,081	13,743
Sport and recreation		-	-	-	50	100	100	53	55	58
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	134,891	16,234	16,234	121,862	72,688	85,982
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	150,360	161,020	161,020	207,462	222,583	234,825
Planning and development		-	-	-	47,349	46,755	46,755	45,302	51,668	54,509
Road transport		-	-	-	102,831	114,086	114,086	161,852	170,592	179,974
Environmental protection		-	-	-	180	180	180	307	324	342
<i>Trading services</i>		-	-	-	166,659	181,756	181,756	189,052	199,261	210,220
Energy sources		-	-	-	105,028	120,125	120,125	126,417	133,243	140,572
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	61,631	61,631	61,631	62,635	66,017	69,648
<i>Other</i>	4	-	-	-	4,345	4,571	4,571	6,199	6,534	6,893
Total Revenue - Functional	2	-	-	-	1,027,075	1,037,518	1,037,518	1,169,664	1,174,619	1,261,431
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	342,951	382,519	382,519	331,595	348,853	367,380
Executive and council		-	-	-	164,965	114,606	114,606	149,705	157,789	166,468
Finance and administration		-	-	-	173,739	267,913	267,913	176,940	185,846	195,408
Internal audit		-	-	-	4,247	-	-	4,951	5,218	5,505
<i>Community and public safety</i>		-	-	-	62,196	62,196	62,196	75,675	79,762	84,248
Community and social services		-	-	-	20,770	20,770	20,770	43,543	45,894	48,418
Sport and recreation		-	-	-	91	91	91	96	101	107
Public safety		-	-	-	23,256	23,256	23,256	28,903	30,464	32,140
Housing		-	-	-	15,842	15,842	15,842	-	-	-
Health		-	-	-	2,237	2,237	2,237	3,132	3,302	3,583
<i>Economic and environmental services</i>		-	-	-	252,907	332,861	332,861	242,770	255,140	268,855
Planning and development		-	-	-	47,196	47,196	47,196	49,806	52,496	55,383
Road transport		-	-	-	181,800	261,754	261,754	170,150	178,598	188,104
Environmental protection		-	-	-	23,911	23,911	23,911	22,814	24,046	25,369
<i>Trading services</i>		-	-	-	263,824	278,089	278,089	287,061	302,563	319,204
Energy sources		-	-	-	106,610	194,610	194,610	131,243	138,330	145,938
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	157,213	83,478	83,478	155,818	164,233	173,265
<i>Other</i>	4	-	-	-	6,769	6,769	6,769	8,261	8,707	9,186
Total Expenditure - Functional	3	-	-	-	928,646	1,062,433	1,062,433	945,363	995,025	1,048,874
Surplus/(Deficit) for the year		-	-	-	98,428	(24,916)	(24,916)	224,300	179,595	212,558

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these

functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 10 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Ray Nkonyeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 1 - Budget and Treasury		-	-	-	405,202	392,734	407,149	447,273	486,203	510,074
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	175,566	186,100	197,266	185,324	201,851	220,992
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	31,055	32,919	34,894	55,212	58,194	61,394
Vote 4 - CORPORATE SERVICES		-	-	-	15	16	17	3,684	3,883	4,097
Vote 5 - COMMUNITY SERVICES		-	-	-	70,884	75,137	79,645	65,912	68,413	72,176
Vote 6 - TECHNICAL SERVICES		-	-	-	315,059	227,951	262,678	308,596	246,816	277,430
Vote 7 - PUBLIC SAFETY		-	-	-	29,294	31,052	32,915	103,662	109,259	115,269
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	1,027,075	945,908	1,014,564	1,169,664	1,174,620	1,261,431
Expenditure by Vote to be appropriated	1									
Vote 1 - Budget and Treasury		-	-	-	71,844	76,154	80,724	66,732	70,336	74,204
Vote 2 - STRATEGIC PLANNING AND GOVERNANCE		-	-	-	178,980	189,719	201,102	138,838	146,577	154,960
Vote 3 - ECONOMIC DEVELOPMENT AND TOWN PLANNING		-	-	-	53,965	57,203	60,635	45,998	48,482	51,148
Vote 4 - CORPORATE SERVICES		-	-	-	79,108	83,854	88,886	85,912	90,552	95,532
Vote 5 - COMMUNITY SERVICES		-	-	-	204,222	205,615	218,878	284,800	292,243	307,146
Vote 6 - TECHNICAL SERVICES		-	-	-	180,803	191,651	203,150	131,183	138,267	145,872
Vote 7 - PUBLIC SAFETY		-	-	-	159,724	169,307	179,466	191,899	208,567	220,011
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	928,646	973,503	1,032,839	945,363	995,024	1,048,873
Surplus/(Deficit) for the year	2	-	-	-	98,429	(27,595)	(18,275)	224,301	179,595	212,558

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table11 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Ray Nkonyeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue By Source												
Property rates	2	–	–	316,117	358,959	357,445	357,445	–	404,757	426,614	450,078	
Service charges - electricity revenue	2	–	–	106,140	105,028	106,100	106,100	–	124,417	131,135	138,348	
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	
Service charges - refuse revenue	2	–	–	41,431	61,631	61,631	61,631	–	62,635	64,959	68,532	
Service charges - other				–	–	–	–					
Rental of facilities and equipment				2,791	3,266	3,266	3,266		843	889	938	
Interest earned - external investments				5,251	3,400	3,400	3,400		4,500	4,743	5,004	
Interest earned - outstanding debtors				11,498	10,235	10,235	10,235		15,692	16,539	17,449	
Dividends received				–	–	–	–		–	–	–	
Fines, penalties and forfeits				83,939	16,016	16,016	16,016		86,587	91,262	96,282	
Licences and permits				3,823	13,279	13,279	13,279		10,800	11,383	12,009	
Agency services				4,817	30	4,100	4,100		6,000	6,324	6,672	
Transfers and subsidies				195,660	217,740	224,556	224,556		232,938	246,058	272,476	
Other revenue	2	–	–	14,778	40,434	40,434	40,434	–	38,332	40,402	42,624	
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)			–	–	786,246	830,018	840,461	840,461	–	987,501	1,040,309	1,110,410
Expenditure By Type												
Employee related costs	2	–	–	324,070	384,258	400,381	400,381	–	366,621	386,419	407,672	
Remuneration of councillors				22,044	26,255	28,895	28,895		30,943	32,614	34,408	
Debt impairment	3			126,158	3,200	83,154	83,154		83,712	88,232	93,085	
Depreciation & asset impairment	2	–	–	61,710	70,658	70,658	70,658	–	63,800	67,245	70,944	
Finance charges				3,130	4,286	4,286	4,286		3,400	3,584	3,781	
Bulk purchases	2	–	–	75,594	80,712	89,512	89,512	–	86,620	91,298	96,319	
Other materials	8			33,442	43,496	5,538	5,538		5,279	5,564	5,870	
Contracted services		–	–	32,290	50,412	139,337	139,337	–	157,367	165,119	173,442	
Transfers and subsidies		–	–	4,604	9,945	4,834	4,834	–	5,903	5,579	5,767	
Other expenditure	4, 5	–	–	219,349	255,425	235,838	235,838	–	141,719	149,372	157,587	
Loss on disposal of PPE												
Total Expenditure			–	–	902,390	928,646	1,062,433	1,062,433	–	945,363	995,025	1,048,874
Surplus/(Deficit)			–	–	(116,144)	(98,629)	(221,972)	(221,972)	–	42,137	45,284	61,537
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				96,720	197,057	197,057	197,057		182,163	134,311	151,021	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	–	–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (in-kind - all)												
Surplus/(Deficit) after capital transfers & contributions			–	–	(19,425)	98,428	(24,915)	(24,915)	–	224,300	179,595	212,558
Taxation												
Surplus/(Deficit) after taxation			–	–	(19,425)	98,428	(24,915)	(24,915)	–	224,300	179,595	212,558
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			–	–	(19,425)	98,428	(24,915)	(24,915)	–	224,300	179,595	212,558
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			–	–	(19,425)	98,428	(24,915)	(24,915)	–	224,300	179,595	212,558

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R976.9 million and total capital revenue is R210 million in 2018/19
2. Total revenue for 2018/19 financial year is R 1.18 billion.
3. Revenue to be generated from property rates is R404 million in the 2018/19 financial year therefore remains a main funding source for the municipality.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R453 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant

dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 12 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN216 Ray Nkonyeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional											
<i>Governance and administration</i>		-	-	-	1,885	1,885	1,885	-	875	921	972
Executive and council					1,139	1,139	1,139		352	371	391
Finance and administration					746	746	746		523	551	581
Internal audit					-	-	-		-	-	-
<i>Community and public safety</i>		-	-	-	144,512	133,923	133,923	-	158,548	70,322	85,701
Community and social services					21,728	21,728	21,728		14,164	12,550	8,000
Sport and recreation					1,720	1,720	1,720		10,180	5,750	5,807
Public safety					150	150	150		5,883	-	-
Housing					120,914	110,325	110,325		128,320	52,022	71,894
Health					-	-	-		-	-	-
<i>Economic and environmental services</i>		-	-	-	58,899	58,899	58,899	-	34,535	48,638	54,850
Planning and development					19,709	19,709	19,709				
Road transport					38,951	38,951	38,951		33,812	47,638	54,350
Environmental protection					239	239	239		723	1,000	500
<i>Trading services</i>		-	-	-	26,317	26,317	26,317	-	26,123	20,800	20,800
Energy sources					24,309	24,309	24,309		26,123	20,800	20,800
Water management					-	-	-				
Waste water management					-	-	-				
Waste management					2,008	2,008	2,008				
<i>Other</i>					30	30	30		3,051	3,212	3,389
Total Capital Expenditure - Functional	3	-	-	-	231,643	221,054	221,054	-	223,131	143,894	165,712
Funded by:											
National Government					62,615	62,615	62,615		57,301	58,473	61,716
Provincial Government					134,442	134,442	134,442		124,862	75,838	89,305
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	197,057	197,057	197,057	-	182,163	134,311	151,021
Public contributions & donations	5					-	-				
Borrowing	6					-	-				
Internally generated funds					34,586	44,747	44,747		40,968	9,582	14,691
Total Capital Funding	7	-	-	-	231,643	241,804	241,804	-	223,131	143,894	165,712

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R223 million for the 2018/19 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers and internally generated funds

Table 13 MBRR Table A6 - Budgeted Financial Position

KZN216 Ray Nkonyeni - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash				20,372	20,001	20,001	20,001		26,624	26,624	26,624
Call investment deposits	1	–	–	73,185	31,678	31,678	31,678	–	31,177	31,177	31,177
Consumer debtors	1	–	–	233,360	309,952	309,952	309,952	–	281,539	289,930	298,937
Other debtors				8,735	5,450	5,450	5,450		214,811	226,411	238,864
Current portion of long-term receivables				680	1,768	1,768	1,768		680	680	680
Inventory	2			3,367	2,038	2,038	2,038		5,224	5,506	5,809
Total current assets		–	–	339,698	370,887	370,887	370,887	–	560,056	580,328	602,091
Non current assets											
Long-term receivables				7,157	7,233	7,233	7,233		7,157	6,478	5,798
Investments				–	–	–	–		–	–	–
Investment property				235,788	235,621	235,621	235,621		235,621	235,621	235,621
Investment in Associate				–	–	–	–		–	–	–
Property, plant and equipment	3	–	–	1,238,009	1,330,259	1,330,259	1,330,259	–	1,395,703	1,471,745	1,564,616
Agricultural				–	–	–	–		–	–	–
Biological				–	–	–	–		–	–	–
Intangible				354	577	577	577		354	189	24
Other non-current assets				–	–	–	–		1,637	1,637	1,637
Total non current assets		–	–	1,481,309	1,573,691	1,573,691	1,573,691	–	1,640,472	1,715,670	1,807,696
TOTAL ASSETS		–	–	1,821,007	1,944,578	1,944,578	1,944,578	–	2,200,528	2,295,998	2,409,787
LIABILITIES											
Current liabilities											
Bank overdraft	1			–	–	–	–		–	–	–
Borrowing	4	–	–	10,122	7,728	7,728	7,728	–	10,220	10,220	3,708
Consumer deposits				22,926	22,520	22,520	22,520		22,926	22,926	22,926
Trade and other payables	4	–	–	162,653	100,000	100,000	100,000	–	242,582	252,519	266,408
Provisions				39,506	39,259	39,259	39,259		83,712	88,232	93,085
Total current liabilities		–	–	235,208	169,507	169,507	169,507	–	359,439	373,897	386,127
Non current liabilities											
Borrowing		–	–	18,319	20,486	20,486	20,486	–	11,357	3,708	–
Provisions		–	–	105,913	97,027	97,027	97,027	–	128,838	128,838	128,838
Total non current liabilities		–	–	124,232	117,513	117,513	117,513	–	140,195	132,546	128,838
TOTAL LIABILITIES		–	–	359,439	287,020	287,020	287,020	–	499,635	506,443	514,965
NET ASSETS	5	–	–	1,461,567	1,657,558	1,657,558	1,657,558	–	1,700,893	1,789,555	1,894,823
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)				1,355,738	1,554,269	1,554,269	1,554,269		1,700,893	1,789,555	1,894,823
Reserves	4	–	–	105,830	103,289	103,289	103,289	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	1,461,567	1,657,558	1,657,558	1,657,558	–	1,700,893	1,789,555	1,894,823

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and

- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 14 MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Ray Nkonyeni - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates				142,528	341,011	339,573	339,573		396,662	418,082	441,076
Service charges				178,819	158,326	159,344	159,344		177,699	187,295	197,596
Other revenue				59,820	59,142	59,142	59,142		56,686	59,747	63,033
Government - operating	1			264,852	217,740	224,556	224,556		232,938	246,058	272,476
Government - capital	1			-	197,057	197,057	197,057		182,163	134,311	151,021
Interest				5,251	6,982	6,982	6,982		19,407	20,455	21,580
Dividends				-		-	-		-	-	-
Payments											
Suppliers and employees				(449,577)	(769,196)	(769,196)	(769,196)		(859,300)	(904,994)	(954,768)
Finance charges				(3,130)	(4,286)	(4,286)	(4,286)		(3,400)	(3,584)	(3,781)
Transfers and Grants	1			(4,949)	(8,851)	(4,426)	(4,426)		(5,903)	(5,579)	(5,767)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	193,614	197,926	208,747	208,747	-	196,953	151,792	182,466
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments					804	804	804		-	-	-
Payments											
Capital assets				(103,176)	(231,643)	(241,804)	(241,804)		(223,131)	(143,894)	(165,712)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(103,176)	(230,839)	(241,000)	(241,000)	-	(223,131)	(143,894)	(165,712)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-				-	-	-
Borrowing long term/refinancing					-				-	-	-
Increase (decrease) in consumer deposits					600				22,926	22,926	22,926
Payments											
Repayment of borrowing				(6,778)	(7,728)	7,728	7,728		(10,223)	(10,223)	(10,223)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(6,778)	(7,128)	7,728	7,728	-	12,704	12,704	12,704
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	83,659	(40,042)	(24,525)	(24,525)	-	(13,474)	20,602	29,458
Cash/cash equivalents at the year begin:	2			9,898	91,721	93,557	93,557		93,557	80,083	100,685
Cash/cash equivalents at the year end:	2	-	-	93,557	51,679	69,032	69,032	-	80,083	100,685	130,143

Table 15 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Ray Nkonyeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	93,557	51,679	69,032	69,032	-	80,083	100,685	130,143
Other current investments > 90 days		-	-	0	(0)	(17,353)	(17,353)	-	(22,281)	(42,883)	(72,342)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	93,557	51,679	51,679	51,679	-	57,801	57,801	57,801
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	3,000	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	341	(195,930)	(193,956)	(193,956)	-	(184,033)	(187,932)	(191,549)
Other provisions					39,259				85,512	90,129	95,086
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5								17,328	16,600	15,903
Total Application of cash and investments:		-	-	341	(156,671)	(193,956)	(193,956)	-	(78,194)	(81,203)	(80,560)
Surplus(shortfall)		-	-	93,216	208,350	245,635	245,635	-	135,995	139,004	138,362

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
4. It can be seen that in 2018/19 the cash flow start to turn around and improves again.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash flow reflect a positive balance after defraying all the expenditure for the financial year.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- a. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- b. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- c. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- d. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- e. From the table it can be seen that for the municipality is operating at a surplus.
- f. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 MTREF was funded as it reflect a positive balance in funding measurement.
- g. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.
- h. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 16 MBRR Table A9 - Asset Management

KZN216 Ray Nkonyeni - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	104,948	116,673	142,856	142,856	219,602	143,894	165,016
Roads Infrastructure		-	-	46,663	21,362	30,420	30,420	28,678	33,222	39,050
Storm water Infrastructure		-	-	-	7,500	10,306	10,306	5,257	6,466	9,000
Electrical Infrastructure		-	-	-	22,425	19,490	19,490	26,123	16,000	16,000
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	172	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	46,835	51,287	60,216	60,216	60,057	55,688	64,050
Community Facilities		-	-	30,117	35,550	-	-	25,798	23,553	18,900
Sport and Recreation Facilities		-	-	23,402	2,100	46,380	46,380	6,696	5,250	5,807
Community Assets		-	-	53,519	37,650	46,380	46,380	32,493	28,803	24,707
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	2,500	2,500	2,500	500	-	-
Housing		-	-	-	21,851	30,009	30,009	122,626	55,265	71,894
Other Assets		-	-	-	24,351	32,509	32,509	123,126	55,265	71,894
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	1,600	1,230	1,403	1,403	1,121	1,182	1,247
Furniture and Office Equipment		-	-	620	1,305	1,529	1,529	1,155	1,218	1,285
Machinery and Equipment		-	-	656	850	820	820	1,650	1,739	1,834
Transport Assets		-	-	1,720	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	9,865	-	-	795	-	-
Roads Infrastructure		-	-	-	7,700	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	1,665	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	500	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	9,865	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	795	-	-
Other Assets		-	-	-	-	-	-	795	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Renewal of Existing Assets	2	-	-	-	9,865	-	-	795	-	-
Roads Infrastructure		-	-	-	7,700	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	1,665	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	500	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	9,865	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	795	-	-	-
Other Assets		-	-	-	-	-	795	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets	6	-	-	-	6,250	-	-	2,734	3,500	1,000
Roads Infrastructure		-	-	-	2,000	-	-	2,734	3,500	1,000
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	2,000	-	-	2,734	3,500	1,000
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	4,250	-	-	-	-	-
Community Assets		-	-	-	4,250	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	46,663	31,062	30,420	30,420	31,412	36,721	40,050
Roads Infrastructure		-	-	-	7,500	10,306	10,306	5,257	6,466	9,000
Storm water Infrastructure		-	-	-	24,090	19,490	19,490	26,123	16,000	16,000
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	172	500	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	46,835	63,152	60,216	60,216	62,791	59,188	65,050
Community Facilities		-	-	30,117	35,550	-	-	25,798	23,553	18,900
Sport and Recreation Facilities		-	-	23,402	6,350	46,380	46,380	6,696	5,250	5,807
Community Assets		-	-	53,519	41,900	46,380	46,380	32,493	28,803	24,707
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	2,500	2,500	2,500	500	-	-
Housing		-	-	-	21,851	30,009	30,009	123,421	55,265	71,894
Other Assets		-	-	-	24,351	32,509	32,509	123,921	55,265	71,894
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	1,600	1,230	1,403	1,403	1,121	1,182	1,247
Furniture and Office Equipment		-	-	620	1,305	1,529	1,529	1,155	1,218	1,285
Machinery and Equipment		-	-	656	850	820	820	1,650	1,739	1,834
Transport Assets		-	-	1,720	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	104,948	132,788	142,856	142,856	223,131	147,394	166,016

ASSET REGISTER SUMMARY - PPE (WDV)	5								
<i>Roads Infrastructure</i>									
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>									
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>									
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure		-	-	-	-	-	-	-	-
Community Facilities									
Sport and Recreation Facilities									
Community Assets		-	-	-	-	-	-	-	-
Heritage Assets									
Revenue Generating									
Non-revenue Generating									
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings				235,788	235,788	235,788	235,788	235,788	235,788
Housing									
Other Assets		-	-	235,788	235,788	235,788	235,788	235,788	235,788
Biological or Cultivated Assets									
Servitudes									
Licences and Rights				354					
Intangible Assets		-	-	354	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment									
Machinery and Equipment									
Transport Assets									
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	236,142	235,788	235,788	235,788	235,788	235,788
EXPENDITURE OTHER ITEMS									
Depreciation	7	-	-	65,807	70,658	70,658	70,658	62,000	65,384
Repairs and Maintenance by Asset Class	3	-	-	33,443	43,959	43,959	43,959	39,985	42,144
<i>Roads Infrastructure</i>		-	-	13,500	14,000	14,000	14,000	12,624	13,306
<i>Storm water Infrastructure</i>		-	-	2,950	3,000	3,000	3,000	2,420	2,550
<i>Electrical Infrastructure</i>		-	-	3,150	3,273	3,273	3,273	2,865	3,019
<i>Water Supply Infrastructure</i>		-	-	-	863	863	863	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	3,200	-	-	-	3,521	3,711
<i>Rail Infrastructure</i>		-	-	3,000	-	-	-	2,865	3,019
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-
Infrastructure		-	-	25,800	21,137	21,137	21,137	24,294	25,606
Community Facilities		-	-	19	-	-	-	41	43
Sport and Recreation Facilities		-	-	-	-	-	-	-	-
Community Assets		-	-	19	-	-	-	41	43
Heritage Assets		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings		-	-	2,085	6,047	6,047	6,047	-	-
Housing		-	-	-	-	-	-	10,052	10,595
Other Assets		-	-	2,085	6,047	6,047	6,047	10,052	10,595
Biological or Cultivated Assets		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	1,200	1,617	1,617	1,617	119	125
Machinery and Equipment		-	-	187	197	197	197	345	364
Transport Assets		-	-	4,152	14,962	14,962	14,962	5,134	5,411
Libraries		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	-	99,250	114,617	114,617	114,617	101,985	107,528
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	0.0%	12.1%	0.0%	0.0%	1.6%	2.4%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	0.0%	22.8%	0.0%	0.0%	5.7%	5.4%
R&M as a % of PPE		0.0%	0.0%	2.7%	3.3%	3.3%	3.3%	2.9%	2.9%
Renewal and upgrading and R&M as a % of PPE		0.0%	0.0%	14.0%	25.0%	19.0%	19.0%	18.0%	19.0%

Explanatory notes to Table A9 - Asset Management

- 1 Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- 2 National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is

a lack of infrastructure in the municipality major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and renewal of capital asset and 3.2% to repairs and maintenance.

Basic Service Delivery Measurement

- 1 Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- 2 The municipality does not provide services such as water, sanitation, energy and refuse removal.
- 3 Water and sanitation is provided by Ugu District municipality, energy is supplied both by municipality and Eskom.
- 4 Refuse removal is done in urban area the rural part of the municipality uses it own dump site.

Assumptions used in preparation of the budget over the MTREF

Collection and expenditure rates

Property rates	98%
Penalties and Collection Charges	95%
Electricity	95%
Refuse Removal	95%
Rental of facilities	95%
Interest earned in investment	100%
Interest earned on outstanding debts	95%
Fines	6.92%
Licenses and Permits	95%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	80%
Expenditure	
Employee related cost	100%
Remuneration of councilors	100%
Debt impairment	100%
Bulk Purchases	95%
Finance Charges	100%
Contracted services	95%
Transfers and Grants	100%
Other Expenditure	90%
Oher Material	98%

Capital performance =100%

Year-end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

Part 3: Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- 1 that the process followed to compile the budget complies with legislation and good budget practices;
- 2 that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- 3 that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- 4 that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 29 August 2017. Key dates applicable to the process were:

July 2017– Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;

August 2017–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;

September 2017– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;

October 2017 – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;

November 2017–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval

December 2017 – Submit budget instructions and 2017/18 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);

January 2018 - Council considers the 2017/2018 Mid-year Review and Adjustments Budget;

February 2018– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;

March 2018 - Tabling in Council of the draft 2018/19 IDP and 2018/19 Draft MTREF for public consultation;

April 2018– Public consultation;

May 2018–Finalisation of the 2018/19 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2018/19 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. These are the IDP and Budget process schedule for individual municipalities and both municipality did not deviate from processes.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;

- Public participation process;

- Compilation of the SDBIP, and

- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 budget, based on the approved 2017/18 Budget, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 budget, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 budget, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 budget:

- Municipality growth

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 89 and 91 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The Table 2018/19 Budget as tabled before Council on 27 March 2018 for community consultation has been published on the municipality's website and hard copies has been made available at municipal offices and other community centres. In addition budget road shows will be held in different municipal clusters. Inputs were also collected via suggestion box and e-mails.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process during April. The applicable dates and venues were published in the local newspapers. Imbizo's will be held to further ensure transparency and interaction. Other stakeholders involved in the consultation will include churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the 2018/19 final budget.

Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan (NDP)
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's six strategic objectives for the 2018/19 Budget and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2018/19 Financial Year	
1.	Financial Viability
2.	Basic Service delivery and infrastructure
3.	Good governance and public participation
4.	Local economic Development
5.	Municipal transformation and institutional development
6.	Spatial analysis and environmental management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2018/19 Budget has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA3 Detail financial position

KZN216 Ray Nkonyeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Call investment deposits											
Call deposits				73,185	31,678	31,678	31,678		31,177	31,177	31,177
Other current investments											
Total Call investment deposits	2	-	-	73,185	31,678	31,678	31,678	-	31,177	31,177	31,177
Consumer debtors											
Consumer debtors				233,360	275,400	275,400	275,400		155,382	163,772	172,780
Less: Provision for debt impairment					34,552	34,552	34,552		126,158	126,158	126,158
Total Consumer debtors	2	-	-	233,360	309,952	309,952	309,952	-	281,539	289,930	298,937
Debt impairment provision											
Balance at the beginning of the year					30,671	30,671	30,671		34,552	34,552	34,552
Contributions to the provision					3,882	3,882	3,882		125,429	125,429	125,429
Bad debts written off									728	728	728
Balance at end of year		-	-	-	34,552	34,552	34,552	-	160,710	160,710	160,710
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)				1,238,009	2,511,532	2,511,532	2,511,532		2,652,223	2,796,117	2,961,829
Leases recognised as PPE	3				-	-	-		-	-	-
Less: Accumulated depreciation					1,181,273	1,181,273	1,181,273		1,256,520	1,324,372	1,397,213
Total Property, plant and equipment (PPE)	2	-	-	1,238,009	1,330,259	1,330,259	1,330,259	-	1,395,703	1,471,745	1,564,616
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)						-	-				
Current portion of long-term liabilities				10,122	7,728	7,728	7,728		10,220	10,220	3,708
Total Current liabilities - Borrowing		-	-	10,122	7,728	7,728	7,728	-	10,220	10,220	3,708
Trade and other payables											
Trade and other creditors				162,653	100,000	100,000	100,000		239,582	252,519	266,408
Unspent conditional transfers									3,000	-	-
VAT											
Total Trade and other payables	2	-	-	162,653	100,000	100,000	100,000	-	242,582	252,519	266,408

Non current liabilities - Borrowing											
Borrowing	4			18,319	20,486	20,486	20,486		11,357	3,708	-
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	18,319	20,486	20,486	20,486	-	11,357	3,708	-
Provisions - non-current											
Retirement benefits				105,913	81,542	81,542	81,542		94,669	94,669	94,669
List other major provision items						-	-				
Refuse landfill site rehabilitation						-	-				
Other					15,485	15,485	15,485		34,169	34,169	34,169
Total Provisions - non-current		-	-	105,913	97,027	97,027	97,027	-	128,838	128,838	128,838
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	(19,425)	98,428	(24,915)	(24,915)	-	211,639	166,250	198,479
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments					31,864	31,864	31,864				
Accumulated Surplus/(Deficit)	1	-	-	(19,425)	130,293	6,949	6,949	-	211,639	166,250	198,479
Reserves											
Housing Development Fund											
Capital replacement				105,830	103,289	103,289	103,289		-	-	-
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	105,830	103,289	103,289	103,289	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	86,405	233,582	110,238	110,238	-	211,639	166,250	198,479

Explanatory notes to Table SA3

This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

Table SA4 Reconciliation of IDP strategic objectives and Budget

KZN216 Ray Nkonyeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Supporting Table 5.14: Reconciliation of LED Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Good Governance and public participation	Clean administration & sound public participation						105,758	105,758	105,758	120,850	127,376	134,382	
							-	-	-				
Service delivery and Infrastructure	Electricity, Roads, Housing and accelerate capital expenditure						225,018	225,018	225,018	226,684	238,925	252,066	
							-	-	-				
Social, Economic Development and Planning	Youth empowerment, LED strategy, supporting SMMEs						8,272	8,272	8,272	6,698	7,060	7,448	
							-	-	-	7,550	7,958	8,395	
Municipal Financial viability	Sound financial management						-	-	-				
							-	-	-				
Spatial and Environment	Health hygienically safe environment						404,440	404,440	404,440	404,757	426,614	450,078	
							-	-	-				
	Public Safety						64,059	64,059	64,059	22,814	24,046	25,369	
							26,729	26,729	26,729	128,995	135,961	143,439	
							12,575	12,575	12,575	26,493	27,924	29,459	
							88,607	88,607	88,607	91,617	91,617	91,617	
							91,617	91,617	91,617	132,034	147,801	160,969	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	-	-	1,027,075	1,037,518	1,037,518	1,168,493	1,235,281	1,303,222

Table SA8 performance indicators

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks

KZN216 Ray Nkonyeni - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	1.1%	1.3%	-0.3%	-0.3%	0.0%	1.4%	1.4%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	1.7%	2.0%	-0.6%	-0.6%	0.0%	1.8%	1.7%	1.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	17.3%	19.8%	19.8%	19.8%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	–	–	1.4	2.2	2.2	2.2	–	1.6	1.6	1.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	1.4	2.2	2.2	2.2	–	1.6	1.6	1.6
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	0.4	0.3	0.3	0.3	–	0.2	0.2	0.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	69.3%	95.0%	95.0%	95.0%	0.0%	97.1%	97.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	69.3%	95.0%	95.0%	95.0%	0.0%	97.1%	97.2%	97.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	31.8%	39.1%	38.6%	38.6%	0.0%	51.1%	50.3%	49.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	173.9%	193.5%	144.9%	144.9%	0.0%	299.2%	250.8%	204.7%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	41.2%	46.3%	47.6%	47.6%	0.0%	37.1%	37.1%	36.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	44.0%	49.5%	51.1%	51.1%		40.3%	40.3%	39.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	4.3%	5.3%	5.2%	5.2%		4.0%	4.1%	4.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	8.2%	9.0%	8.9%	8.9%	0.0%	6.8%	6.8%	6.7%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	40.1	(821.0)	(821.0)	(821.0)	–	24.6	25.0	26.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	52.0%	60.0%	60.0%	60.0%	0.0%	83.9%	82.9%	81.8%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	–	–	1.6	0.9	1.0	1.0	–	1.2	1.5	1.8

Table SA13b Service Tariffs by Category

KZN216 Ray Nkonyeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Exemptions, reductions and rebates (Rands)									
<i>Rebates and Exemptions</i>					10,652,831	22,525,449	22,449,157	23,661,411	24,962,789
<i>Rebates, exemptions - indigent</i>					2,645,860	-	-	-	-
<i>Objections Outcome</i>					25,845,000	26,098,493	-	-	-
<i>Impermissible and Reduction</i>					7,314,629	38,440,018	40,090,927	42,255,837	44,579,908

Table SA14 Households Bills

KZN216 Ray Nkonyeni - Supporting Table SA14 Household bills

Description	Ref	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent									
Monthly Account for Household - 'Middle Income Range'	1								
Rates and services charges:									
Property rates		21,075,684.07	21,813,333.01	21,813,333.01	21,813,333.01	5.0%	22,129,468.00	23,324,459.00	24,607,305.00
Electricity: Basic levy									
Electricity: Consumption		267,640.36	277,007.78	277,007.78	277,007.78	6.8%	295,844.31	311,819.90	328,969.99
Water: Basic levy									
Water: Consumption									
Sanitation									
Refuse removal		2,651,131.90	2,743,921.51	2,743,921.51	2,743,921.51	5.2%	2,886,605.43	3,042,482.12	3,209,818.64
Other									
sub-total		23,994,456.33	24,834,262.30	24,834,262.30	24,834,262.30	1.9%	25,311,917.74	26,678,761.02	28,146,093.63
VAT on Services									
Total large household bill:		23,994,456.33	24,834,262.30	24,834,262.30	24,834,262.30	1.9%	25,311,917.74	26,678,761.02	28,146,093.63
% increase/decrease		-	3.5%	-	-		1.9%	5.4%	5.5%

Table SA15 Investment particulars

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
ABSA		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days					-
STD BANK		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days					-
INVESTEC - 1400-190309-500		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days	5,321				5,321
STD BANK - 89111356585		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days	15,845				15,845
ABSA - 20-7296-0343		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days	16,196				16,196
FNB		Call Deposits < 90 Days	Call Deposits		Variable	4.5% - 6.5%			Call Deposits < 90 Days	11,438				11,438
NEDBANK		Call Deposits < 90 Days	Call Deposits		Variable	0.048			Call Deposits < 90 Days	11,516				11,516
Municipality sub-total										60,317		-	-	60,317
Entities														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									60,317		-	-	60,317

Table SA17 Borrowings

KZN216 Ray Nkonyeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)				28,441	20,486	20,486	20,486	21,577	13,928	5,403
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	28,441	20,486	20,486	20,486	21,577	13,928	5,403
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	28,441	20,486	20,486	20,486	21,577	13,928	5,403

Table SA18 Transfers and Grants Receipts

KZN216 Ray Nkonyeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	170,781	201,038	200,172	204,738	212,985	225,151	250,192
Local Government Equitable Share				145,299	175,566	175,566	175,566	185,324	201,851	220,992
Finance Management				3,562	3,600	3,600	3,600	3,600	2,500	2,000
Integrated National Electrification Programme				10,681	14,000	14,000	14,000	14,000	12,800	19,200
EPWP Incentive				2,660	3,306	3,306	3,306	4,061	-	-
Municipal Dermacation Transition Grant				8,579	4,566	3,700	8,266	-	-	-
Energy Efficiency and Demand Management								6,000	8,000	8,000
Provincial Government:		-	-	9,140	16,702	16,702	16,702	19,953	20,907	22,284
Accreditation Grant				-	5,082	5,082	5,082	4,337	4,570	5,082
Museum Grant				334	350	350	350	368	386	407
Provincialisation of Libraries Grant				7,436	9,670	9,670	9,670	10,894	11,439	12,011
Community Library Service Grant				1,045	-	-	-	1,338	1,434	1,536
MIG - Operational				325	1,600	1,600	1,600	3,016	3,078	3,248
District Municipality:		-	-	-	-	-	-	-	-	-
Disaster Management Grant								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Margate Airport Grant										
Total Operating Transfers and Grants	5	-	-	179,921	217,740	216,874	221,440	232,938	246,058	272,476

Capital Transfers and Grants										
National Government:		–	–	76,618	62,615	62,615	62,615	57,301	58,473	61,716
Municipal Infrastructure Grant (MIG)				76,618	62,615	62,615	62,615	57,301	58,473	61,716
Rural Transport Services and Infrastructure Town Planning Grant										
Provincial Government:		–	–	–	–	–	–	121,862	72,688	85,982
Human Settlement								121,862	72,688	85,982
District Municipality:		–	–	–	–	–	–	–	–	–
Disaster Management Grant										
Other grant providers:		–	–	–	–	–	–	3,000	3,150	3,323
Margate Airport Grant								3,000	3,150	3,323
Total Capital Transfers and Grants	5	–	–	76,618	62,615	62,615	62,615	182,163	134,311	151,021
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	256,539	280,355	279,489	284,055	415,101	380,369	423,497

Explanatory notes to Table SA18 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.
2. National treasury and provincial treasury grants are gazette in DORA and provincial gazette.

Table SA 19 Grants and subsidies Expenditure

KZN216 Ray Nkonyeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	170,781	201,028	204,728	204,728	212,985	225,151	250,192
Local Government Equitable Share				145,299	175,556	175,556	175,556	185,324	201,851	220,992
Finance Management				3,562	3,600	3,600	3,600	3,600	2,500	2,000
Integrated National Electrification Programme				10,681	14,000	14,000	14,000	14,000	12,800	19,200
EPWP Incentive				2,660	3,306	3,306	3,306	4,061	–	–
Municipal Demarcation Transition Grant				8,579	4,566	8,266	8,266	–	–	–
Energy Efficiency and Demand Management								6,000	8,000	8,000
0										
Provincial Government:		–	–	12,375	16,702	19,818	19,818	16,937	17,829	19,036
Accreditation Grant					5,082	5,082	5,082	4,337	4,570	5,082
Museum Grant				334	350	350	350	368	386	407
Provincialisation of Libraries Grant				7,436	9,670	9,670	9,670	10,894	11,439	12,011
Community Library Service Grant				1,045	–	–	–	1,338	1,434	1,536
MIG - Operational				3,560	1,600	4,716	4,716			
District Municipality:		–	–	28	–	–	–	–	–	–
Disaster Management Grant				28				–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Margate Airport Grant										
Total operating expenditure of Transfers and Grants		–	–	183,184	217,730	224,546	224,546	229,922	242,980	269,228

Capital expenditure of Transfers and Grants									
National Government:	-	-	76,618	62,615	62,615	62,615	70,300	62,985	66,500
Municipal Infrastructure Grant (MIG)			76,618	62,615	62,615	62,615	60,317	61,551	64,964
Rural Transport Services and Infrastructure							5,383	-	-
Town Planning Grant							4,600	1,434	1,536
Provincial Government:	-	-	-	134,442	134,442	134,442	121,862	72,688	85,982
Human Settlement				134,442	134,442	134,442	121,862	72,688	85,982
District Municipality:	-	-	-	-	-	-	-	-	-
Disaster Management Grant									
Other grant providers:	-	-	-	-	-	-	3,000	3,150	3,323
Margate Airport Grant							3,000	3,150	3,323
Total capital expenditure of Transfers and Grants	-	-	76,618	197,057	197,057	197,057	195,162	138,823	155,805
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	-	-	259,802	414,787	421,603	421,603	425,084	381,803	425,033

Table SA20 Reconciliation of transfers, grant receipts and unspent funds

KZN216 Ray Nkonyeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				170,832	201,028	201,028	201,028	212,985	225,151	250,192
Current year receipts										
Conditions met - transferred to revenue		-	-	170,832	201,028	201,028	201,028	212,985	225,151	250,192
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				12,352	16,702	16,702	16,702	16,937	17,829	19,036
Current year receipts										
Conditions met - transferred to revenue		-	-	12,352	16,702	16,702	16,702	16,937	17,829	19,036
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	183,184	217,730	217,730	217,730	229,922	242,980	269,228
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year				76,618	62,615	62,615	62,615	70,300	62,985	66,500
Current year receipts										
Conditions met - transferred to revenue		-	-	76,618	62,615	62,615	62,615	70,300	62,985	66,500
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year					35,587	35,587	35,587	121,862	72,688	85,982
Current year receipts										
Conditions met - transferred to revenue		-	-	-	35,587	35,587	35,587	121,862	72,688	85,982
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts								3,000	3,150	3,323
Conditions met - transferred to revenue		-	-	-	-	-	-	3,000	3,150	3,323
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	76,618	98,202	98,202	98,202	195,162	138,823	155,805
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	259,802	315,932	315,932	315,932	425,084	381,803	425,033
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

Table SA21 Grants and Subsidy made by the Municipality

KZN216 Ray Nkonyeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash Transfers to Organisations											
Ugu S C Tourism & HC Development Agency, africa bike, Ugu Jazz, Douglas Michel , SPCA and ETC				4,604	9,945	4,834	4,834		2,653	2,796	2,950
Ugu South Coast Tourism									200	211	222
Adhoc grant in applic									400	422	445
NGO's									1,000	500	500
South Coast Bike Festival									500	500	500
Ugu Jazz Festival									250	250	250
Masikandi Festival									900	900	900
South African Womens Open Golf & Golf Academy											
Total Cash Transfers To Organisations		-	-	4,604	9,945	4,834	4,834	-	5,903	5,579	5,767
Cash Transfers to Groups of Individuals											
Insert description											
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	4,604	9,945	4,834	4,834	-	5,903	5,579	5,767

Table SA22 Councilors and Staff Benefits

KZN216 Ray Nkonyeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages				22,044	24,040	26,681	26,681	28,046	29,561	31,187
Pension and UIF Contributions				-	-	-	-	-	-	-
Medical Aid Contributions				-	-	-	-	-	-	-
Motor Vehicle Allowance				-	-	-	-	-	-	-
Cellphone Allowance				1,637	1,637	1,637	1,637	2,897	3,053	3,221
Housing Allowances				-	-	-	-	-	-	-
Other benefits and allowances				578	578	578	578	-	-	-
Sub Total - Councillors		-	-	22,044	26,255	28,895	28,895	30,943	32,614	34,408
% increase	4	-	-	-	19.1%	10.1%	-	7.1%	5.4%	5.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages				7,218	10,017	10,017	10,017	9,775	10,303	10,869
Pension and UIF Contributions				26	16	16	16	-	-	-
Medical Aid Contributions				-	-	-	-	-	-	-
Overtime				-	-	-	-	-	-	-
Performance Bonus				873	-	-	-	-	-	-
Motor Vehicle Allowance	3			-	-	-	-	-	-	-
Cellphone Allowance	3			245	114	114	114	84	89	93
Housing Allowances	3			-	-	-	-	-	-	-
Other benefits and allowances	3			186	245	245	245	398	420	443
Payments in lieu of leave				-	-	-	-	-	-	-
Long service awards				-	-	-	-	-	-	-
Post-retirement benefit obligations	6			-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		-	-	8,549	10,392	10,392	10,392	10,257	10,811	11,406
% increase	4	-	-	-	21.6%	-	-	(1.3%)	5.4%	5.5%
Other Municipal Staff										
Basic Salaries and Wages				186,569	242,238	258,361	258,361	235,575	248,296	261,952
Pension and UIF Contributions				12,695	56,233	56,233	56,233	43,771	46,134	48,672
Medical Aid Contributions				54,479	19,250	19,250	19,250	19,027	20,054	21,157
Overtime				16,300	5,000	5,000	5,000	16,246	17,123	18,065
Performance Bonus				23,450	19,430	19,430	19,430	18,176	19,157	20,211
Motor Vehicle Allowance	3			13,892	13,497	13,497	13,497	12,039	12,690	13,387
Cellphone Allowance	3			100	795	795	795	592	624	658
Housing Allowances	3			3,159	2,132	2,132	2,132	2,095	2,208	2,329
Other benefits and allowances	3			-	6,529	6,529	6,529	8,705	9,175	9,680
Payments in lieu of leave				-	2,874	2,874	2,874	-	-	-
Long service awards				993	887	887	887	-	-	-
Post-retirement benefit obligations	6			3,985	5,000	5,000	5,000	120	126	133
Sub Total - Other Municipal Staff		-	-	315,621	373,866	389,989	389,989	356,346	375,589	396,246
% increase	4	-	-	-	18.5%	4.3%	-	(8.6%)	5.4%	5.5%
Total Parent Municipality		-	-	346,214	410,512	429,276	429,276	397,546	419,014	442,059

Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilor's upper limit approved by the MEC and staff as per SALGA respectively.

Table SA36 List of Capital Projects

KZN216 Ray Nkonyeni - Supporting Table SA36 Detailed capital budget									
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4				Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:									
<i>List all capital projects grouped by Municipal Vote</i>									
Transport and Roads		Shibase Road			1,304	–	–	Ward 32	
Transport and Roads		Kawuseni Pedestrian Bridge (Shibe to Mvolomi School)			1,134	500	500	Ward 35	
Transport and Roads		Kawuseni Pedestrian Bridge (Godloza to Mbomvini School)			150	1,000	900	Ward 35	
Transport and Roads		Kawuseni Vehicular Bridge (Mgudlwa School)			150	1,000	500	Ward 35	
Transport and Roads		Kawuseni Vehicular Bridge (Bhuka School)			150	1,000	500	Ward 35	
Transport and Roads		Khandaesizwe to Ntshebeni Pedestrian Bridge			228	1,000	550	Ward 33	
Transport and Roads		Gadlogadla to Makhanya Road vehicular Bridge			228	1,000	1,000	Ward 33	
Transport and Roads		Qashela to Munga Pedestrian Bridge			228	1,000	1,000	Ward 33	
Transport and Roads		Shibase Pedestrian Bridge (Near Sima's House)			228	1,500	800	Ward 32	
Transport and Roads		Ntshomela Pedestrian Bridge (Sgodaneni)			228	1,500	700	Ward 32	
Transport and Roads		Esidlidini Pedestrian Bridge (Dlovina)			228	500	1,000	Ward 31	
Transport and Roads		Mjweni Pedestrian Bridge			228	500	500	Ward 8	
Transport and Roads		Nyanisweni & Dumezweni Pedestrian Bridge			228	500	500	Ward 8	
Transport and Roads		Maqobo Pedestrian Bridge			228	500	500	Ward 8 & 9	
Transport and Roads		Mbhele Vehicular Bridge			–	500	1,300	Ward 7 & 9	
Transport and Roads		Nonganjana Pedestrian Bridge			–	250	1,200	Ward 7	
Transport and Roads		Nsebesha Pedestrian Bridge			–	250	1,400	Ward 7	
Transport and Roads		Vulindlela Vehicular Bridge			–	250	1,300	Ward 7	
Transport and Roads		Ngqumbela Road and Causeway			–	250	1,200	Ward 7	
Transport and Roads		Mahlal Vehicular Bridge			–	250	1,200	Ward 9	
Transport and Roads		Mbewu Pedestrian Bridge			–	250	1,100	Ward 9	
Transport and Roads		Manqoba Pedestrian Bridge			–	250	1,000	Ward 9	
Transport and Roads		Sodoma Pedestrian Bridge			–	250	1,000	Ward 9	
Transport and Roads		Marine Drive/ Knox Gore Traffic Signal			100	–	–	Ward 3/19	
Transport and Roads		Smith Street Upgrade			1,823	1,750	1,000	Ward 6	
Transport and Roads		Mkanti Road			911	800	–	Ward 10	
Transport and Roads		Thongazi Pedestrian Bridge			1,823	900	–	Ward 1	
Transport and Roads		William Connor Street Steel Structures			200	100	–	Municipal Wide	
Transport and Roads		Rehabilitation of College Road Southbroom			–	–	1,000	Ward 2	
Transport and Roads		Tarring of Nositha Main Road			4,557	7,172	–	Ward 27	
Transport and Roads		Mpakeni Road Upgrade & bridge			911	1,750	–	Ward 25	
Transport and Roads		Masele Pedestrian Bridge			27	–	–	Ward 25	
Transport and Roads		Mthin'Owomile Pedestrian Bridge			–	250	1,000	Ward 26	
Transport and Roads		Danca Pedestrian Bridge			–	250	1,000	Ward 26	
Transport and Roads		Nzama Pedestrian Bridge			–	250	1,000	Ward 26	
Transport and Roads		Ethangeni Pedestrian Bridge			–	250	1,000	Ward 26	
Transport and Roads		Fezile Mkhwanazi Stormwater			–	516	1,000	Ward 28	
Transport and Roads		Dressing Pedestrian Bridge			365	–	–	Ward 24	
Transport and Roads		Kwasithole Pedestrian / Vehicular Bridge			228	500	500	Ward 21	
Transport and Roads		Mazubane Pedestrian Bridge			228	500	400	ward 21	
Transport and Roads		Bar to Ngwemabala Pedestrian Bridge			–	250	1,000	Ward 24	
Transport and Roads		Madala to Mlungwana Vehicular Bridge			–	250	1,000	Ward 24	
Transport and Roads		Mbili Pedestrian Bridge			456	350	500	Ward 22	
Transport and Roads		Tarring of Jesus Road			2,005	1,500	800	Ward 23	

Transport and Roads	Bheki Gatsheni Pedestrian Bridge	–	250	1,000	Ward 20
Transport and Roads	Mbili Pedestrian Bridge	–	250	1,000	Ward 20
Transport and Roads	Shozi Pedestrian Bridge	–	250	1,000	Ward 20
Transport and Roads	Mnganka Vehicular Bridge	456	500	500	Ward 20
Transport and Roads	Nqwane Pedestrian Bridge	456	500	500	Ward 20
Transport and Roads	Mazubane/Dikwe Pedestrian Bridge	–	500	500	Ward 20
Transport and Roads	Port Shepstone CBD Pedestrian Crossings	500	–	–	Municipal Wide
Transport and Roads	Acacia Road Stormwater - Seapark	1,300	200	–	Ward 16
Transport and Roads	Tarring of George Mbhele High Road	273	300	–	Ward 13
Transport and Roads	Louisiana Housing Storm water and ring road	911	750	3,000	Ward 15
Transport and Roads	Chibini Pedestrian Bridge	–	250	1,000	ward 15
Transport and Roads	Ntshambili Vehicular Bridge	–	300	1,000	Ward 15
Transport and Roads	Banana Beach Pedestrian Bridge	182	250	1,000	Ward 16
Transport and Roads	Road Rehabilitation Piet Relief	3,645	500	–	Municipal Wide
Transport and Roads	Road Rehabilitation Phase 7 (Tarred)	–	5,000	5,000	Municipal Wide
Transport and Roads	Road Rehabilitation Phase 7 (Gravel)	4,557	2,500	4,000	Municipal Wide
Transport and Roads	Stormwater - Urban	1,000	3,000	2,500	Municipal Wide
Transport and Roads	Rural Stormwater	911	1,000	1,500	Municipal Wide
Transport and Roads	Bhosiki Hall Phase 2 - Parking and Stormwater	1,050	–	–	Ward 36
Transport and Roads	Bhobhoyi Organic Storage Facility	–	1,000	500	Ward (21,22,23 & 24)
Transport and Roads	Marburg Motor Mechanic Workshop	500	–	–	Municipal Wide
Transport and Roads	Mvuzane road and Vehicular Bridge	223	–	–	Ward 14
Community Services	Community Hall ward 30	2,534	2,250	1,000	Ward 30
Community Services	Community Hall ward 33	1,673	2,000	500	Ward 33
Community Services	Nkulu Community Hall Ward 36	228	1,000	1,500	Ward 36
Community Services	Community Hall Ward 34	911	2,000	2,000	Ward 34
Community Services	Community Hall Ward 9	2,734	300	500	Ward 9
Community Services	Dumezulu Community Hall Phase 2	200	–	–	Ward 8
Community Services	Community Hall Ward 5	2,734	1,250	500	Ward 5
Community Services	Community Hall Ward 3 (Masinenge)	228	500	500	Ward 3
Community Services	Community Hall Ward 20	1,823	2,000	500	Ward 20
Community Services	Community Hall Ward 16	–	250	1,000	Ward 16
Community Services	Sportsfield Waed 31	228	1,500	2,307	Ward 31
Community Services	Thokothe Sportsfield Concrete Road	3,707	500	–	Ward (7,8,9 & 29)
Community Services	Upgrade of Mgolomi Sportfield Ward 4	100	1,000	500	Ward 4
Community Services	Upgrade of Vusushaba Sportfield Ward 4	1,500	1,000	500	Ward 4
Community Services	Upgrade Domba/JB Sportfield Ward 14	3,645	750	500	Ward 14
Community Services	Outdoor GYM Facilities (Per Cluster)	1,000	1,000	2,000	Municipal Wide
Community Services	Staff Depot Ablution Facilities - Phase 3	500	1,000	–	Municipal Wide
Housing	Kwamthimude Phase 2 Rural Housing (Bhosiki and Hlomendlini)	500	807	17,530	Ward (30,31,32,33,34,35 &36)
Housing	Vukuzithathe phase 3 Rural housing (Ngcawusheni)	500	807	17,530	Ward (30,31,32,33,34,35 &36)
Housing	Kwamthimude Phase 2 Rural Housing (Shibe)	500	807	17,530	Ward (30,31,32,33,34,35 &36)
Housing	KwaXolo Phase 2 Rural Housing	11,687	11,687	–	Ward (7,8,9,29 & 32)
Housing	KwaXolo Caves	600	–	–	Ward (7,8,9,29 & 32)
Housing	Kwanzimakwe PHP (Kwalatshoda) Housing	469	–	–	Ward (1,2,6,10,11 & 19)
Housing	Kwanzimakwe Rural Housing	11,687	–	–	Ward (1,2,6,10,11 & 19)
Housing	Masinenge Slum Clearance Housing	27,081	24,720	19,304	Ward 3
Housing	Gamalakhe Retification - PRE 1994 Housing	763	–	–	Ward (3,5,25,26,27 & 28)
Housing	Gamalakhe IN-SITU upgrade rural Housing	23,373	–	–	Ward (3,5,25,26,27 & 28)
Housing	Kwandwalane Phase 2 Rural Housing	29,217	–	–	Ward (21,22,23 & 24)
Housing	Mkholombe Slum Clearance Housing projects	1,847	–	–	Ward (4,17,18 & 20)
Housing	Merlewood Mixed Income (title deeds restoration)	265	–	–	Ward (4,17,18 & 20)
Housing	Merlewood Mixed Income Phase 1	5,672	12,517	–	Ward (4,17,18 & 20)
Housing	Louisians Slums Clearance Housing Project (transfer & Registration)	300	677	–	Ward 15
Housing	Kwamadlala Rural Housing	8,765	–	–	Ward (12,13,14, 15 & 16)

Housing		Renovation of Human Settlement Offices	795	–	–	Municipal Wide
Housing		Rationalisation of office space (P/Shepstone & Uvongo)	4,300	–	–	Municipal Wide
Electricity		Electrification Projects	6,000	–	–	Ward (30,31,33,34,35 & 36)
Electricity		Highmasts Installation	911	–	–	Ward (33 & 34)
Electricity		Highmasts	–	1,500	1,500	Municipal Wide
Electricity		Electrification Infills - Various Wards	8,000	14,000	14,000	Municipal Wide
Electricity		Installation of New Street Lights	911	1,000	1,000	Municipal Wide
Electricity		Mini Sub Housing Covers	300	300	300	Municipal Wide
Electricity		Electrical Cable replacement (Infrastructure)	500	500	500	Municipal Wide
Electricity		Mini Substations Replacement	1,000	1,000	1,000	Municipal Wide
Electricity		Inter Switches (RMU) Replacement	1,000	1,000	1,000	Municipal Wide
Electricity		Bulk Electrical Supply to New Developments (Within Distribution Area)	1,500	1,500	1,500	Municipal Wide
Electricity		Energy Efficiency DSM	6,000	–	–	Municipal Wide
Public Safety		Port Shestone Temporary Taxi Rank	5,383	–	–	Ward 4,17,18 & 20)
Community Services		Port Shestone Fishing Pier	600	–	–	Ward 4,17,18 & 20)
Public Safety		Dick King Parking Fencing	500	–	–	Municipal Wide
Departmental Capital (Computer, furniture & Machinery)			3,926	4,134	4,361	Municipal Wide
Cluster 1						ward 30, 31, 32, 33, 35 & 36
Cluster 2						ward 7, 8, 9, 29
Cluster 3						ward 1, 2, 6, 10, 11, 19
Cluster 4						ward 3, 5, 25, 26, 27, 28
Cluster 5						Ward 21, 22, 23, 24
Cluster 6						Ward 4, 17, 18, 20
Cluster 7						Ward 12, 13, 14, 15, 16
Municipal Wide						Whole of the Municipality
Housing Projects						Municipal Wide
Parent Capital	1		223,131	143,894	165,712	

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days).

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns four have been appointed permanently. The remaining two are still under the training and municipality has an obligation to replace the vacant positions of the three interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee is shared with other municipalities within the district and is fully functional.

Service Delivery and Implementation Plan

The detail 2018/19 draft SDBIP document will be compiled and will be tabled before council.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

The other tables in the budget are for property rates and this information may not be consolidated since we will be using our individual valuation roll and tariffs.